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MEMORANDUM FOR: Deputy Director (Support)

SUBJECT

Inventory Pricing Policy

HEFERENCES

- (a) Routing and Record Sheet from DD/S to the Comptroller and D/L dated 15 May 1961, Number DD/S 61-1546
- (b) Mamorandum to Chief, TAS/Comptroller and Chief, Supply Division/OL dated 29 June 1961, subject: Inventory Pricing Policy
- 1. This memorandum contains a recommendation submitted for Deputy Director (Support) approval. Such recommendation is contained in paragraph 4.
- 2. Reference (a) raises a question as to whether the Agency should revise its inventory pricing policy to reflect the carrying value of nonexpendable property based upon cost less allowances for depreciation and obsolescence.
- 3. This subject has been accorded thorough review and study jointly by this Office and the Office of the Comptroller. The conclusion has been reached that the standard pricing procedure followed by the Agency for property for the past nine years has many advantages for outweighing the advantages available from carrying nonexpendable property at cost less allowances for depreciation. A comprehensive staff study setting forth the specific technical property record keeping and financial accounting factors bearing on this question is attached as reference (b).
- be made to establish inventory pricing for nonexpendable property based on sequisition cost less depreciation but that the standard (fixed) pricing procedure be continued. This Office will make every effort to maintain standard prices on a completely realistic basis by repricing inventories whenever evidence is available as to significant changes in replacement costs.

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JAMES A. GARRISON Director of Logistics

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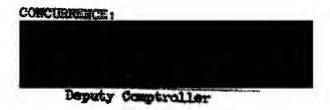
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29 JUN 1961

Date

The recommendation in peragraph 4 is approved: h/w

5 July 1961

* I believe that an educational program to acquaint appropriate personnel with the Inventory Pricing Policy is definitely in order and will

/s/

look to the Director of Logistics to submit his recommendations for such a program not later than 1 Aug 61. /s/ LKW

L. K. WHITE Deputy Director (Support)

Attachment

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(29 June 61)